

City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
FISCAL ANALYST
(313) 224-1076

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 218
Detroit, Michigan 48226
FAX: (313) 224-2783
E-Mail: cc-fiscal@ci.detroit.mi.us

ANNE MARIE LANGAN
ASSISTANT FISCAL ANALYST
(313) 224-1078

TO: Pamela Scales, Director
Budget Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 5, 2006

RE: 2006-2007 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2006-2007 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Tina Tolliver, Budget Department Team Leader
Roger Short, Interim Chief Financial Officer
Kandia Milton, Mayor's Office

Budget Department (12)

FY 2006-07 Budget Analysis by the Fiscal Analysis Division

Summary

The Budget Department is a General Fund Agency. The recommended 2006-07 budget totals \$2.75 million. The department's net tax cost is \$2.75 million, which is \$68,013 more than the current year.

The Mayor recommends a decrease of four budgeted positions within the department.

FY 2005-06 Surplus/(Deficit)

There is a projected surplus of \$113,395 for the current fiscal year due primarily to an appropriation surplus resulting from departmental vacancies.

Overtime

In the 2005-06 budget there is \$17,100 budgeted for overtime. Actual overtime incurred through March 31, 2006 is \$10,401 (60.8% of budget). There is \$15,000 budgeted for overtime in the proposed 2006-07 budget.

Personnel and Turnover Savings

In the 2006-07 Proposed Budget, the Mayor has recommended \$59,425 in turnover savings in this department in Appropriation 00226-Budget Operations.

Following is information by appropriation comparing budgeted FY 2005-06 positions, March 31, 2006 filled positions and FY 2006-07 recommended positions.

<u>Appropriation/Program</u>	<u>Budgeted Positions FY 2005-06</u>	<u>Filled Positions 3/31/2006</u>	<u>Mayor's Budget Positions FY 2006-07</u>	<u>Over/(Under) Actual to 05/06 Budget</u>	<u>Mayor's Recommended Turnover</u>
Budget (12):					
00226 Budget Department Operations	<u>27</u>	<u>24</u>	<u>23</u>	<u>(3)</u>	<u>\$ 59,425</u>
TOTAL	<u>27</u>	<u>24</u>	<u>23</u>	<u>(3)</u>	<u>\$ 59,425</u>

Proposed Layoffs and Vacant Position Reductions

The Mayor recommends that four positions be removed from the Budget Department, thereby reducing the number of positions from twenty-seven (27) to twenty-three (23) in the 2006-07 FY.

The 2006-07 Budget does not propose any layoffs in the Budget Department in the 2006-07 FY.

Significant Changes in Funding by Appropriation

Appro. Program

00226 Budget Department Operations The Budget Department's proposed FY 2006-07 Budget increase slightly by \$68,013, due primarily to a \$148,710 (16.6%) increase in Employee Benefits, a \$6,995 increase in Fixed Charges, a \$6,049 increase in Operating Supplies and a \$3,080 increase in Other Expenses. The increases are offset by a \$88,802 decrease in Salary & Wages, due to a reduction of 4 staff positions; a \$5,019 reduction in Operating Services, and a \$3,000 reduction in Professional Service Contracts.

Budget (12)

Budgeted Professional and Contractual Services by Activity	FY 2005-06 <u>Budget</u>	FY 2006-07 <u>Recommended</u>	Increase (Decrease)
Budget Operations	<u>\$ 8,000</u>	<u>\$ 5,000</u>	<u>\$ (3,000)</u>
Total	<u>\$ 8,000</u>	<u>\$ 5,000</u>	<u>\$ (3,000)</u>

Issues and Questions

Pg. 12-4 Budget Operations Measures and Targets- Outputs: Units of Activity directed toward Goals

For the three measures listed below, the average number of days turnaround increased significantly in the current (2005-06) fiscal year, according to the Budget Department's projections.

- What are the causes for the significant increases in the number of days turnaround in the three areas detailed below?
- Also for the three areas listed below, what measures are planned to restore the average number of days turnaround to the 2004-05 actual levels, as the department has targeted for 2006-07?

	2003-04 Actual	2004-05 Actual	2005-06 Projected	2006-07 Target	# Of Days 2005-06 Over 2004-05	% Of Days over*
Average number of days turnaround on Personal Service contracts	14	10	26.7	10	<u>16.7</u>	167%
Average number of days turnaround on personnel letters	8	8	16.6	8	<u>8.6</u>	108%
Average number of days turnaround on Finance/Council letters	12	11	21.7	11	<u>10.7</u>	97%

**Percent of average number of days 2005-06 are over 2004-05*

Pg. 12-2 The Budget Department has partnered with ITS to implement the Private Board Exchange (PBX) phone system, replacing the centrex phones in City offices in the Cadillac Tower and the Coleman A Young Municipal Center (CAYMC) in 2004, and in the Herman Kiefer Complex in 2005.

- To date, how much of a savings has the switch to the PBX phone system provided?
- Has the PBX phone system provided the City the amount of savings initially projected? If not, why?
- Are there any plans to expand the switch to PBX phones citywide?

Is it the intention of the Budget Director to fill the Deputy Budget Director's position in 2006-07?

Does the Budget Department plan on developing a five-year forecast in 2006-07?

Please provide the Council a reconciliation between budgeted revenues/expenditures in the Redbook and in the CAFR for 2005-06.

Please provide the Council a reconciliation between actual revenues in DRMS and in the CAFR for 2003-04, 2004-05 and 2005-06.

Has the department considered a "City of Detroit Revenue Consensus" process between the city's executive and legislative branches similar to the State of Michigan's process? Perhaps such a process would eliminate "disputes" with city revenue figures and help facilitate the budget process.

Please provide the Council forecast of actual revenues and expenditures for 2005-06.

Please provide the Council details of what makes up "Contributions and Transfers In/Out" in the budget for 2003-04, 2004-05 and 2005-06. What is budgeted for 2006-07?

Does the department feel a multi (two-year) budget could work for the City of Detroit?

What benchmarking studies has the department planned for 2006-07?

What management audits does the department have in store for 2006-07?

IC:DH